



HCTC from A to Z;
A Tax Credit it Pays to Know About!

Today's environment requires a stronger partnership and increased coordination between the HCTC Program and our stakeholders. Through outreach and education, the HCTC Program aims to:

- Sustain partnership at regional and state levels; identify HCTC training opportunities and improve message consistency.
- Continue to support key state partners.
- Conduct frontline training for TAA workforce professionals (Rapid Response Field Teams and One Stop Centers).
- Increase awareness of HCTC Program among eligible individuals.

The goal of this training session is to increase your awareness about the HCTC. At the end of this session you will:

- Be better equipped to communicate recent changes to the HCTC.
- Be able to help trade affected individuals make informed decisions about the HCTC.
- Better understand program material available to distribute to the frontline.

HCTC Background

How the HCTC Works

What's New With the HCTC

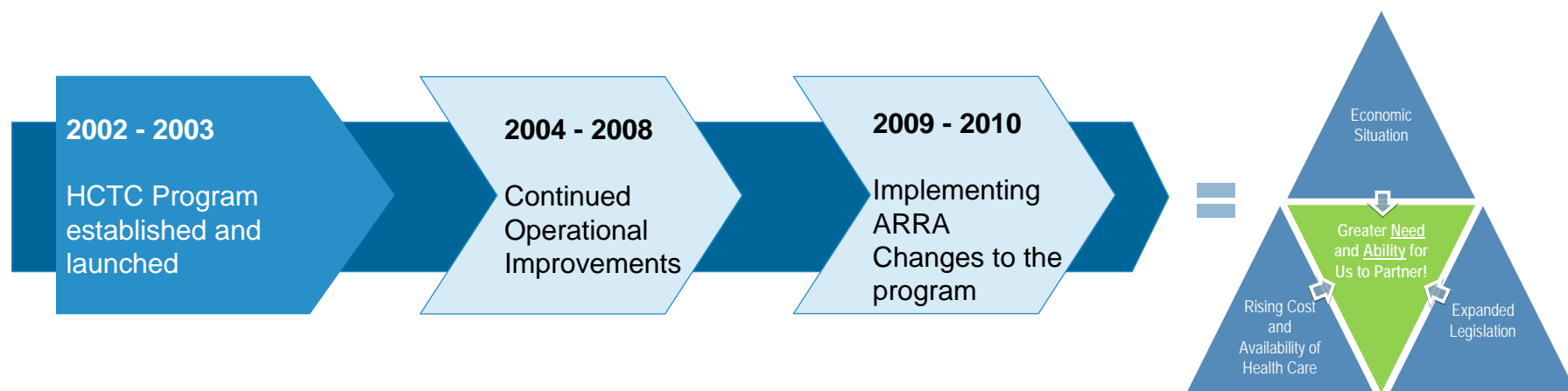
Partnership with the HCTC

Support Material

Questions

Congress created the HCTC as part of the 2002 Trade Adjustment Assistance Reform Act. It was established to help cover the cost of health care for:

- Workers who lost their jobs due to foreign trade
- Individuals whose pensions were taken over by the Pension Benefit Guaranty Corporation (PBGC)



Today's environment requires a stronger partnership and increased coordination between the HCTC Program and our stakeholders.

The HCTC is available to individuals who:

STEP 1 – Meet Initial Requirements:

- Trade-Affected (TAA, ATAA or RTAA certified)\
- PBGC Recipient (Pension Benefit Guaranty Corporation)

STEP 2 – Meet General Requirements:

- Not enrolled in Medicare
- Not claimed as a dependant on another person's Federal tax return

STEP 3 – Are enrolled in a Qualified Health Plan:

- COBRA
- State-Qualified Health Plans
- Spousal Coverage
- Non-group / Individual Health Plan

The HCTC is also available to qualified family members!

Family members *can* receive the HCTC if they:

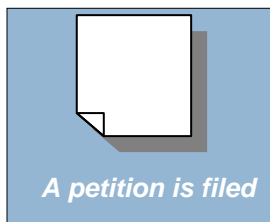
- Meet the same general requirements as the eligible individual
- Are claimed as dependants on the eligible individual's tax return
- Are enrolled in a qualified health plan

Family members *cannot* receive the HCTC if they:

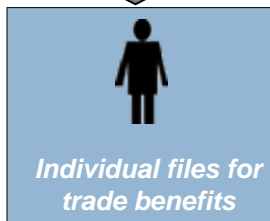
- Are enrolled in Medicare
- Are entitled to health coverage through the US military health system (TRICARE) – this does not include VA benefits
- Are in prison

State and local partners play an important part in communicating information to dislocated workers!

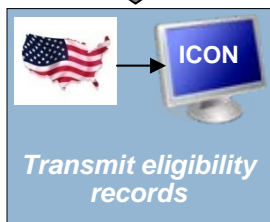
- Key Considerations**
- ***Individuals will only receive program information after a state sends an eligibility record to the HCTC Program***



A petition is filed with the U.S Department of Labor's Trade Adjustment Assistance Program (TAA).



Once certified, the individual must apply for services and benefits to determine TAA eligibility.



*Once the individual is deemed eligible for a TAA, ATAA or RTAA benefit by the state, the **state** transmits an eligibility record to the HCTC (on a daily basis) through ICON.*



Once the HCTC receives the eligibility record through ICON, we send a Program Kit.



The HCTC potentially eligible individual receives the Program Kit and Registration Form in the mail.

Eligible individuals can receive the HCTC in two ways: monthly or yearly.

To receive the monthly HCTC, an eligible individual must:

- Complete and mail the Registration Form to the HCTC Program
 - Once enrolled, **pay 20%** of the insurance premium to the HCTC Program each month
- * The HCTC Program adds the 80% tax credit** and sends the full payment to the health plan on a monthly basis.

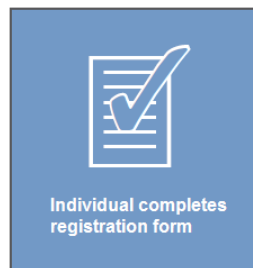
To receive the yearly HCTC, an eligible individual must:

- **Pay 100%** of their health insurance premiums directly to the health plan throughout the year.
 - **Complete and submit IRS Form 8885** with a Federal tax return.
- * If accepted, they will receive the 80% credit** as a refund or against taxes owed.

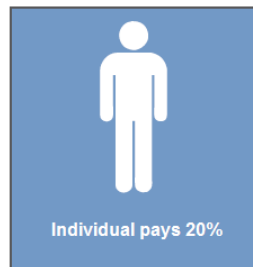
The monthly HCTC program allows participants to receive monthly assistance in paying health care premiums.

Key Considerations

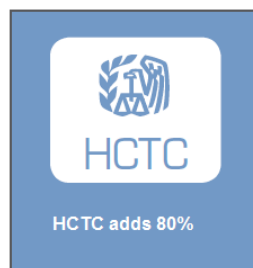
- ***Eligible individuals must submit the required documentation with their Registration Form***
- ***Invoice dates change month to month***
- ***Payment must be received in order for the IRS to add 80%***



To apply for the monthly HCTC, the individual completes and mails the Registration Form that came with the Program Kit. The HCTC Program will review it and enroll the individual, if he/she is eligible.



The HCTC participant receives an invoice, and sends 20% of his/her health insurance premium to the HCTC Program by the due date each month.



The HCTC Program adds 80% to the participant's payment.

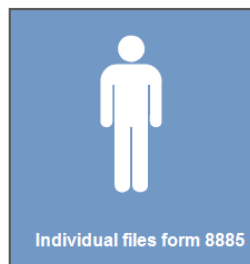
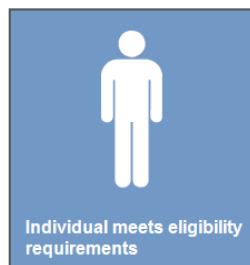


The HCTC Program sends a payment for 100% of the premium to the participant's health plan.

The yearly HCTC allows eligible individuals to claim the tax credit on their Federal tax return.

Key Considerations

- ***Beginning in May 2009, the HCTC increased to 80% of qualified health insurance premiums. For months January - April 2009, the HCTC was 65%.***



To claim the yearly HCTC, the individual must meet all the eligibility requirements.

The individual pays 100% of the monthly premium to his/her health plan.

80%

The individual completes and submits the Federal tax return along with IRS Form 8885. The individual must send in records of payments made to his/her health plan with this form.

Once the IRS processes the tax return and Form 8885, the individual will receive the 80% as a refund or against taxes owed.

Individuals must be enrolled in a qualified health plan. Plan types include:

1**COBRA****2****State-Qualified Health Plans****3****Spousal Coverage****4****Non-Group/Individual Health Plan**

1

COBRA

Federal legislation that lets individuals extend job-based health coverage if they lose their job.

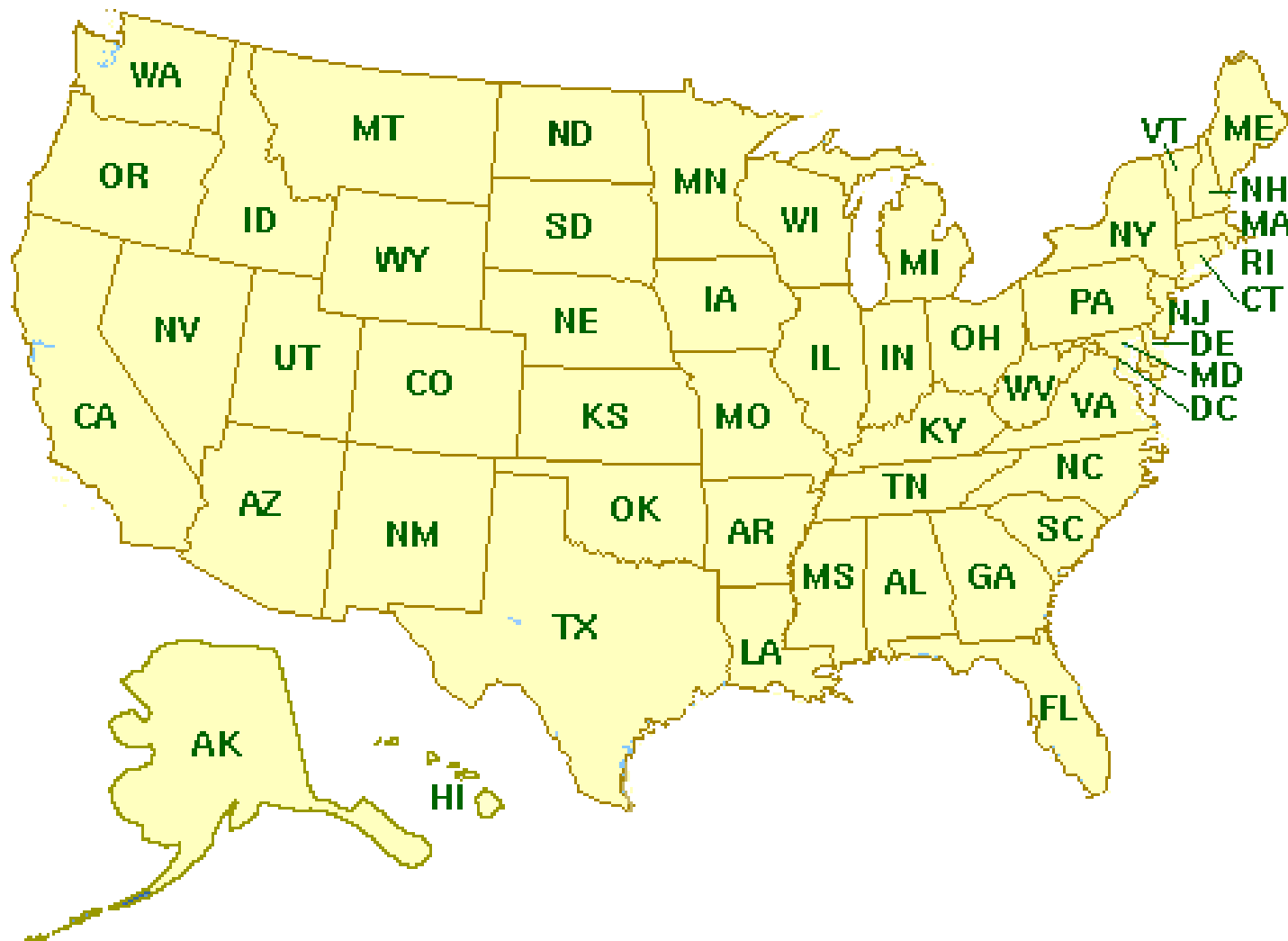
- If the individual pays more than 50% of the cost for COBRA, they can receive the HCTC
- If the individual pays 50% or less than the cost for COBRA, they cannot receive the HCTC
- COBRA coverage usually lasts 18 months. Recent legislation allows TAA, ATAA and RTAA recipients to receive COBRA for as long as they continue to meet HCTC eligibility requirements

2

State-Qualified Health Plan

Plans certified by a state's Department of Insurance as meeting certain requirements below:

- The plan must have guaranteed issue
- No pre-existing condition restriction may be imposed
- Plan premium must be non-discriminatory
- Benefits must be the same (or substantially the same) under coverage provided to similarly situated individuals



* For more detail about state-qualified health plans in your state please refer to the interactive map on www.irs.gov (Keyword/Search: HCTC)

3 Spousal Coverage

Group coverage through a spouse's employer. The spouse must pay more than 50% of the premium.

- Individuals may enroll in group coverage through their spouse's employer
- Spousal coverage can only be claimed yearly, unless the type of coverage the spouse has is also COBRA, then it can be claimed monthly

4 Non-Group/Individual Health Plan

Health insurance that is sold by a private health insurance company, broker or agent to an individual or family at a time. This is not group health insurance.

- A non-group/individual health plan covers one person or family and is purchased directly from an insurance company, agent, or broker
- To be a HCTC qualified plan, coverage must take effect at least 30 days before the individual's last day of paid work
- Last paid day of work does not include post-employment pay, such as severance benefits or retirement pay

To receive the monthly HCTC, individuals must submit the following documentation:

Monthly HCTC

- Monthly Registration Form
- Health insurance bill dated within the last 60 days containing:
 - ✓ Name
 - ✓ Name of health plan administrator
 - ✓ Phone number of health plan administrator
 - ✓ Monthly premium amount
 - ✓ Monthly premium due date
 - ✓ Dates of coverage
 - ✓ Health plan identification number(s)
 - ✓ Address for mailing payments

The Health Coverage Tax Credit (HCTC)

Monthly HCTC
 Registration Form

We recommend you read the Program Kit first to understand the eligibility requirements for the HCTC, find out if you have a qualified health plan, and learn how the monthly HCTC program works.

To register for the monthly HCTC, you'll need to complete the following:

Part I	Give us general information 2 In Part I, you'll tell us general information about yourself.
Part II	Determine your eligibility..... 2 You'll need to confirm that you are eligible for the HCTC and tell us if your family members are also eligible.
Part III	Provide health plan information 6 To receive the monthly HCTC, you must provide specific information about the health plan coverage for you and your eligible family members.
Part IV	Gather supporting documents to send us..... 8 In this section, you'll find a list of what to send along with this Registration Form.
Part V	Access your account 9 When you receive the monthly HCTC, you can choose someone to talk to the HCTC Program on your behalf. Tell us if you want to designate someone in Part V.
Part VI	Sign and date this form 10 You must sign and date the form before sending it to us. You'll also find tips on what else to do before mailing your Registration Form.

For Privacy Act and Paperwork Reduction Act Notice, see the back cover.
 OMB No. 1545-1842

Eligible individuals with COBRA or Non-Group/Individual coverage must submit additional documentation such as their COBRA election letter. Please refer them to the Registration Form that came with the Program Kit for a list of these documents.

To receive the yearly HCTC, individuals must submit the following documentation:

Yearly HCTC

- Federal tax return along with IRS Form 8885
- Proof of payment for the qualified health plan
 - Such as cancelled checks
 - Review IRS Form 8885 for additional required documentation

Form 8885 Department of the Treasury Internal Revenue Service		Health Coverage Tax Credit ▶ Attach to Form 1040, Form 1040NR, Form 1040-SS, or Form 1040-PR.		OMB No. 1545-0074 2008 Attachment Sequence No. 134
Name of recipient (if both spouses are recipients, complete a separate form for each spouse)			Recipient's social security number	
Before you begin: See Definitions and Special Rules that begin on page 2.				
<div style="border: 1px solid black; padding: 5px;"> Do not complete this form if you can be claimed as a dependent on someone else's 2008 tax return. </div>				
Part I Complete This Part To See if You Are Eligible To Take This Credit				
1 Check the boxes below for each month in 2008 that all of the following statements were true on the first day of that month.				
<ul style="list-style-type: none"> • You were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient. • You were covered by a qualified health insurance plan for which you paid the premiums, or your portion of the premiums, directly to your health plan. • You were not entitled to Medicare Part A or enrolled in Medicare Part B. • You were not enrolled in Medicaid or the State Children's Health Insurance Program (SCHIP). • You were not enrolled in the Federal Employees Health Benefits Program (FEHBP) or eligible to receive benefits under the U.S. military health system (TRICARE). • You were not imprisoned under federal, state, or local authority. • You were not covered by any employer-sponsored health insurance plan (see the instructions for line 1 on page 3). 				
<input type="checkbox"/> January <input type="checkbox"/> February <input type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June <input type="checkbox"/> July <input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December				
Part II Health Coverage Tax Credit				
2 Amount paid for qualified health insurance coverage for all months checked on line 1 (see instructions on page 3). Do not include on line 2 any qualified health insurance premiums paid to "U.S. Treasury-HCTC" or any insurance premiums on coverage that was actually paid for with a National Emergency Grant. Also, do not include any advance (monthly) payments from Form 1099-H, box 1			2	
<div style="border: 1px solid black; padding: 10px;"> You must attach the required documents listed on page 4 for any amounts included on line 2. If you do not attach the required documents, your credit will be disallowed. </div>				
3 Enter the total amount of any Archer MSA and health savings account distributions used to pay for qualified health insurance coverage for all months checked on line 1			3	
4 Subtract line 3 from line 2. If zero or less, stop; you cannot take the credit			4	
5 Health coverage tax credit. Multiply line 4 by 65% (.65). Enter the result here and on Form 1040, line 68 (check box d); Form 1040NR, line 63 (check box c); Form 1040-SS, line 9; or Form 1040-PR, line 9			5	
For Paperwork Reduction Act Notice, see page 4. Cat. No. 34641D Form 8885 (2008)				

The American Recovery and Reinvestment Act* changed the HCTC:

Greater Portion of Health Coverage Cost Paid

Reimbursement for Payments Made During Enrollment

Extended Coverage for Qualified Family Members

COBRA Benefits Extended

COBRA Premium Reduction Program

**The legislation that changed the HCTC expires on December 31, 2010*

As a valued state-level partner, you play a central role in providing HCTC information to those supporting trade-affected workers in your state. You can help us increase awareness of the HCTC Program by:

- Distributing relevant and up-to-date support materials
- Informing your teams of changes & upcoming events in your area
- Sharing best practices with the frontline
- Communicating with the HCTC team by:
 - Notifying us of large company certifications in your state
 - Letting us know if you have questions - we're here to help!

We want you and your teams to have the information and support needed to help individuals understand the benefits of the HCTC.

Nationwide Direct Mail Campaign

Description:

- Targeted outreach effort aimed to inform potential HCTC recipients of how the program has changed recently and why now might be the right time for them to enroll!

Audience:

- Potentially eligible individuals



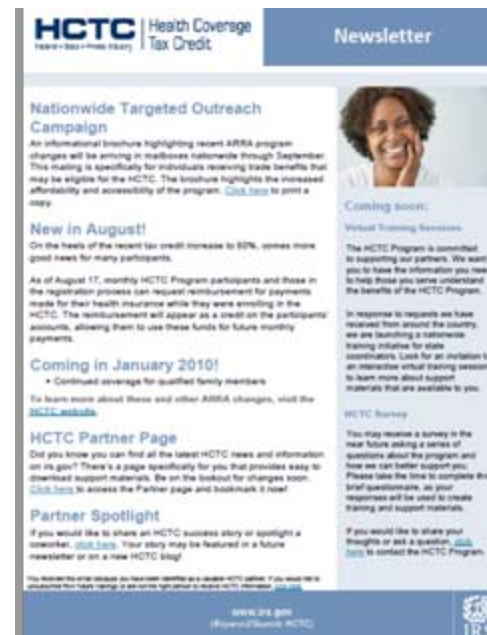
Newsletter

Description:

- Nationwide newsletter that helps us stay connected with our partners and spotlight success stories

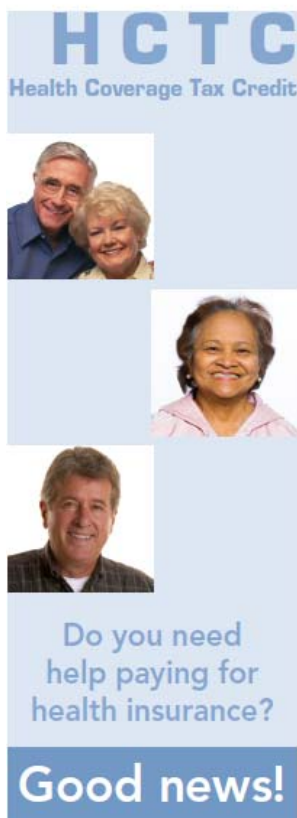
Audience:

- TAA Stakeholders nationwide
- Click [here](#) if you did not receive the newsletter and would like to



Here are some examples of support material that can be distributed to your teams on the frontline:

HCTC Brochure



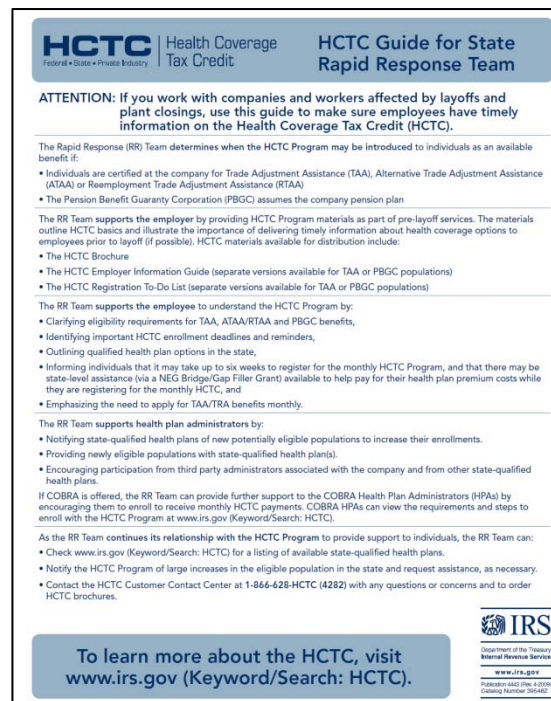
Description:

- General overview of HCTC benefits and eligibility requirements

Audience:

- Rapid Response, One Stop Centers and Citizens

HCTC Guide for State Rapid Response Teams



Description:

- Outlines how Rapid Response teams can best ensure that potentially eligible individuals have timely information on HCTC

Audience:

- Rapid Response

TAA or ATAA/RTAA Registration To-Do List

Description:

- Step-by-step guide on how to register for the monthly HCTC Program

Audience:

- Rapid Response, One Stop Centers

Health Coverage Tax Credit

TAA or ATAA/RTAA Registration To-Do List

ATTENTION: If you are or soon will be receiving TAA or ATAA/RTAA benefits, please read this document.

What is the HCTC?
The Health Coverage Tax Credit (HCTC) is a federal tax credit that pays 80% of qualified health insurance premiums for eligible individuals and their family members.

Who is eligible for the HCTC?
Three groups of individuals may be eligible for the HCTC. They include individuals who:

1. Meet requirements under the TAA for Workers program,
2. Receive payments under the Alternative Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA) program, or
3. Are age 55 or older and receive a benefit from the Pension Benefits Guaranty Corporation (PBGC), including lump sum payments paid after August 5, 2002.

How do you register for the monthly HCTC Program?
To ensure a successful registration in the monthly HCTC Program, please use the following checklist:

☐ 1. Apply for and receive monthly TAA or ATAA/RTAA benefits. If you have any questions on this step, contact your local unemployment office.

☐ 2. Enroll in a qualified health plan. Only certain types of health plans qualify. These include:

- COBRA
- State-qualified health plan - for a complete list visit www.irs.gov (Keyword/Search: HCTC)
- Spousal coverage
- Non-group/individual health plan

☐ 3. When you receive an HCTC Program Kit in the mail, fill out the enclosed Registration Form and mail it to the HCTC Program with the required supporting documents.

☐ 4. Apply for temporary state-level assistance for the HCTC (also called NEG Bridge Grants), if available in your state, that will help you pay your health plan premium costs while registering for the monthly HCTC. Contact the U.S. Department of Labor toll-free at 1-877-US-2JOBS for information. If state-level assistance is not available, pay your health plan 100%. You can claim the yearly HCTC for these payments on your federal tax return.

Once your registration is complete:

1. You will begin receiving monthly invoices from the HCTC Program. You must pay your 20% portion each month by the HCTC due date. The HCTC Program will then send your payment along with the remaining balance to your health plan.
2. Monitor your health insurance bills for any changes. If there are changes to your premiums or anything else that may affect your eligibility for the HCTC, submit the HCTC Registration Update Form.
3. If you receive a TAA benefit, remember that you have to file for unemployment insurance or a trade readjustment allowance each month to stay eligible for the HCTC.

NOTE: To prevent a delay in your registration, you must completely fill out the Registration Form and submit it with the required supporting documents. See the Registration Form for detailed instructions on completing the form and submitting supporting documents.

For more information about the HCTC, visit www.irs.gov (Keyword/Search: HCTC) or call the HCTC Customer Contact Center toll-free at 1-866-428-HCTC (4282). For information about your TAA or ATAA/RTAA eligibility, contact the US DOL at 1-877-US-2JOBS.

Description:

- Guidance for employers on how to support employees who have become TAA-certified

Audience:

- Employers (Human Resources)

Health Coverage Tax Credit

Employer Information Guide

ATTENTION: Read this document if your employees are, or may be, covered by a TAA certification.

When a worker group becomes certified for Trade Adjustment Assistance (TAA), employees must make many important, time-sensitive decisions. Don't let them overlook the Health Coverage Tax Credit (HCTC), an important health benefit.

What is the HCTC?
The HCTC is a federal tax credit that pays 80% of qualified health insurance premiums for eligible individuals. Your employees, as well as their spouses and dependents, may be eligible to take advantage of the HCTC.

Who is eligible for the HCTC?
Three groups of individuals may be eligible for the HCTC. They include individuals who:

1. Meet requirements under the TAA for Workers program,
2. Receive payments under the Alternative Trade Adjustment Assistance (ATAA) or Reemployment Trade Adjustment Assistance (RTAA) program, or
3. Are age 55 or older and receive a benefit from the Pension Benefits Guaranty Corporation (PBGC), including lump sum payments paid after August 5, 2002.

How can you help your employees?
TAA certification for a company may take up to 40 days. Employees cannot receive the HCTC until they become TAA or ATAA/RTAA recipients and their state sends eligibility records for them to the HCTC Program. During this time employees should research and enroll in an HCTC-qualified health plan. Employees are more likely to benefit from the HCTC Program and maintain their health coverage if employers:

- Provide information to employees on qualified health plan options (see below).
- Work with the State Workforce Agency (SWA) to add HCTC Program information to layoff communications. This will ensure that your employees have timely and consistent information on the HCTC.
- Encourage COBRA Health Plan Administrators (HPAs) to enroll to receive monthly HCTC payments so employees can receive the monthly HCTC to help pay for health coverage as premiums become due. COBRA HPAs can view the requirements and steps to enroll with the HCTC Program at www.irs.gov (Keyword/Search: HCTC).

What health plans are qualified for the HCTC?
Individuals must be enrolled in a qualified health plan to receive the tax credit. The HCTC will only pay for 80% of four types of health plans:

- COBRA
- State-qualified health plan - for a complete list visit www.irs.gov (Keyword/Search: HCTC)
- Spousal coverage
- Non-group/individual health plan.

To learn more about the HCTC, visit www.irs.gov (Keyword/Search: HCTC).

Company/Union Drop-in Article

Description:

- For individuals at companies that have been TAA-certified; Explains what HCTC is, how to register, and eligibility requirements

Audience:

- Employers (to be distributed to employees) and Unions

Making Health Care Affordable for Many Displaced Workers

Did you know... that the Health Coverage Tax Credit (HCTC) is a federally funded program that can pay for 80% of health insurance premiums for you and your family members?

Your company was recently Trade Adjustment Assistance (TAA) certified by the Department of Labor. You may be eligible for a number of benefits due to this recent certification. It is very important that you contact your state or local unemployment office (One-Stop Career Center) to find out if you can begin receiving benefits. Call the U.S. Department of Labor at 1-877-US-2JOBS for more information.

Once you have contacted your state or local unemployment office, you may begin receiving Trade Adjustment Assistance (TAA) benefits. At that time, you may also become eligible for the HCTC Program. The Internal Revenue Service (IRS) administers the HCTC Program in partnership with other federal agencies, states, and the private health industry. The IRS will send you an HCTC Program Kit in the mail as soon as you become eligible for the HCTC Program. The Program Kit will include a registration form and instructions on how to begin receiving financial assistance with your health insurance premiums.

How can I receive the HCTC?

As long as you meet the general requirements below, you can receive the HCTC. If you want family members to receive the HCTC, each family member must also meet these requirements.

- You are a TAA recipient or a family member
- You are covered by a qualified health plan
- You are not claimed as a dependent on another individual's federal tax return (except family members can be dependents)
- You are not enrolled in Medicare
- You are not enrolled in the Federal Employees Health Benefit Plan (FEHBP), Medicaid or State Children's Health Insurance Program (CHIP)
- You are not imprisoned by a federal, state, or local authority
- You are not entitled to health coverage through U.S. military health system (CHAMPUS - TRICARE)

If you meet all the HCTC general requirements, you have two options to receive the HCTC. Either:

1. Register for the monthly HCTC and receive the credit on a monthly basis in the form of a payment to your health

The HCTC Program is here to help you.

- Contact us with questions or to request brochures
 - **Email:** wi.hctc.stakeholder@irs.gov
 - **Customer Contact Center:**
 - 1-866-628-HCTC (1-866-628-4282)
 - 1-866-626-4282 (TDD/TTY)
- Visit our website to download materials
 - www.irs.gov (Keyword/Search: HCTC)

The *HCTC* Information for our Partners page contains more support information for you.

